

PART I - THE SCHEDULE**SECTION E : INSPECTION AND ACCEPTANCE**

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SECTION E: INSPECTION AND ACCEPTANCE

E.1 ACCEPTANCE

The performance and quality of work delivered by the Contractor, including services rendered and any documentation or written material compiled, shall be subject to inspection, review, and acceptance by the Government.

E.2 FAC 5252.223-9300, INSPECTION OF REGULATORY AGENCIES (JUN 1994)

(a) Work performed under this contract is subject to inspection by State, Federal, Government Regulatory agencies including those described below.

(b) Permission has been granted by the Navy permitting Federal and State occupational health and safety officials to enter Navy shore installations, without delay and at reasonable times, to conduct routine safety and health investigations. Permission also extends to safety and health investigations based on reports of unsafe conditions. Occupational Health and Safety Administration (OSHA) officials may also investigate accidents or illnesses involving the Contractor's employees. Inspections may also be carried out by the Department of Labor to inspect for compliance with labor laws.

(c) The Contractor shall cooperate with regulatory agencies and shall provide personnel to accompany the agency inspection or review teams. Contractor personnel shall be knowledgeable concerning the work being inspected, and participate in responding to all requests for information, inspection or review findings by regulatory agencies.

E.3 FAR 52.246-4, INSPECTION OF SERVICES - FIXED-PRICE (AUG 1996)

(a) Definitions. "Services," as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of services.

(b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.

(c) The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.

(d) If the Government performs inspections or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, without additional charge, all reasonable facilities and assistance for the safe and convenient performance of these duties.

(e) If any of the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed.

(f) If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4 FAR 52.246-12, INSPECTION OF CONSTRUCTION (JUL 1986)

(a) Definition. "Work" includes, but is not limited to, materials, workmanship, manufacture, and fabrication of components.

(b) The Contractor shall maintain an adequate inspection system and perform such inspections as will ensure that the work performed under the contract conforms to contract requirements. The Contractor shall maintain complete inspection records and make them available to the Government. All work shall be conducted under the general direction of the Contracting Officer and is subject to Government inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract.

(c) Government inspections and tests are for the sole benefit of the Government and do not--

- (1) Relieve the Contractor of responsibility for providing adequate quality control measures;
- (2) Relieve the Contractor of responsibility for damage to or loss of the material before acceptance;
- (3) Constitute or imply acceptance; or
- (4) Affect the continuing rights of the Government after acceptance of the completed work under paragraph (i) below.

(d) The presence or absence of a Government inspector does not relieve the Contractor from any contract requirement, nor is the inspector authorized to change any term or condition of the specification without the Contracting Officer's written authorization.

(e) The Contractor shall promptly furnish, without additional charge, all facilities, labor, and material reasonably needed for performing such safe and convenient inspections and tests as may be required by the Contracting Officer. The Government may charge to the Contractor any additional cost of inspection or test when work is not ready at the time specified by the Contractor for inspection or test, or when prior rejection makes reinspection or retest necessary. The Government shall perform all inspections and tests in a manner that will not unnecessarily delay the work. Special, full size, and performance tests shall be performed as described in the contract.

(f) The Contractor shall, without charge, replace or correct work found by the Government not to conform to contract requirements, unless in the public interest the Government consents to accept the work with an appropriate adjustment in contract price. The Contractor shall promptly segregate and remove rejected material from the premises.

(g) If the Contractor does not promptly replace or correct rejected work, the Government may (1) by contract or otherwise, replace or correct the work and charge the cost to the Contractor or (2) terminate for default the Contractor's right to proceed.

(h) If, before acceptance of the entire work, the Government decides to examine already completed work by removing it or tearing it out, the Contractor, on request, shall promptly furnish all necessary facilities, labor, and material. If the work is found to be defective or nonconforming in any material respect due to the fault of the Contractor or its subcontractors, the Contractor shall defray the expenses of the examination and of satisfactory reconstruction. However, if the work is found to meet contract requirements, the Contracting Officer shall make an equitable adjustment for the additional services involved in the examination and reconstruction, including, if completion of the work was thereby delayed, an extension of time.

(i) Unless otherwise specified in the contract, the Government shall accept, as promptly as practicable after completion and inspection, all work required by the contract or that portion of the work the Contracting Officer determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or the Government's rights under any warranty or guarantee.

E.5 FAR 52.246-16, RESPONSIBILITY FOR SUPPLIES (APR 1984)

(a) Title to supplies furnished under this contract shall pass to the Government upon formal acceptance, regardless of when or where the Government takes physical possession, unless the contract specifically provides for earlier passage of title.

(b) Unless the contract specifically provides otherwise, risk of loss of or damage to supplies shall remain with the Contractor until, and shall pass to the Government upon:

- (1) Delivery of the supplies to a carrier, if transportation is F.O.B. origin; or
- (2) Acceptance by the Government or delivery of the supplies to the Government at the destination specified in the contract, whichever is later, if transportation is F.O.B. destination.

(c) Paragraph (b) above shall not apply to supplies that so fail to conform to contract requirements as to give a right of rejection. The risk of loss of or damage to such nonconforming supplies remains with the Contractor until cure or acceptance. After cure or acceptance paragraph (b) above shall apply.

(d) Under paragraph (b) above, the Contractor shall not be liable for loss of or damage to supplies caused by the negligence of officers, agents, or employees of the Government acting within the scope of their employment.

E.6 FAC 52.246-9303, CONSEQUENCES OF CONTRACTOR'S FAILURE TO PERFORM REQUIRED SERVICES (MAR 1996)

The Contractor shall perform all of the contract requirements. The Government will apply one or more of the surveillance methods mentioned below and will deduct an amount from the Contractor's invoice

or otherwise withhold payment for unsatisfactory or nonperformed work. The Government reserves the right to change surveillance methods at any time during the contract without notice to the Contractor.

(a) **STATISTICALLY EXTRAPOLATED SURVEILLANCE METHOD.** The Government may apply a statistically extrapolated surveillance method (Random Sampling for Extrapolated Deductions) to any contract requirement to determine Contractor compliance. The defect rate will then be extrapolated to the monthly population to determine the number of unsatisfactorily performed work occurrences. The monthly population is the total number of work occurrences that are required to be performed during the month.

(b) **OTHER SURVEILLANCE METHODS.** The Government may apply other surveillance methods to determine Contractor compliance. These include, but are not limited to, 100% inspection, random sampling without extrapolated deductions, and planned sampling as primary surveillance methods; and incidental inspections and validated customer complaints as supplemental surveillance methods. When using these surveillance methods, deductions may be taken for all observed defects.

(c) **PROCEDURES.** In the case of unsatisfactory or nonperformed work, the Government:

(1) may give the Contractor written notice of observed deficiencies prior to deducting for unsatisfactory or nonperformed work and/or assessing liquidated damages. Such written notice shall not be a prerequisite for withholding payment for nonperformed work. The Government may specify, as provided for below, that liquidated damages can be assessed against the Contractor. Such liquidated damages are to compensate the Government for administrative costs and other expenses resulting from the unsatisfactory or nonperformed work.

(2) may, at its option, allow the Contractor an opportunity to reperform the unsatisfactory or nonperformed work, at no additional cost to the Government. In the case of daily work, corrective action must be completed within six (6) hours of notice to the Contractor. In the case of other work, corrective action must be completed within 24 hours of notice. In addition, the Government can assess liquidated damages, as referenced above, in the amount of ten (10) percent of the value of all observed defects. The original inspection results of the Contractor's work will not be modified upon reinspection. However, the Contractor will be paid for satisfactorily reperformed work.

(3) shall deduct from the Contractor's invoice all amounts associated with the unsatisfactory or nonperformed work at the prices set out in the Schedule or provided by other provisions of this contract, unless the Contractor is required to reperform and satisfactorily completes the work. In addition, the Government can assess liquidated damages, as referenced above, in the amount of ten (10) percent of the value of all observed defects.

(4) may, at its option, perform the work by Government personnel or by other means. The Government will reduce the amount of payment to the Contractor, by the amount paid to any Government personnel (based on wages, retirement and fringe benefits) plus material, or by the actual costs incurred to accomplish the work by other means. If the actual costs cannot be readily determined, the prices set out in the Schedule will be used as the basis for the deduction. In addition, the Government can assess liquidated damages, as referenced above, in the amount of 20 percent of the computed cost.

(d) The Contractor is responsible for maintaining an effective Quality Control Program during the course of the contract. Failure to maintain adequate quality control may result in Termination for Default.

(e) Reperformance by the Contractor does not waive the Government's right to terminate for nonperformance in accordance with FAR 52.249-8 entitled "DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)" clause of Section I and all other remedies for default as may be provided by law.

(f) When WATCHSTANDING SERVICES apply. If the Contractor fails to provide qualified personnel or allows any post to be unmanned for more than 30 minutes in any shift, the Government may assign other persons to perform such work or deduct an amount from the Contractor's invoice as specified below;

(1) When Watchstanding Services are performed by Government employees, deductions shall be computed based on the current Federal Pay Schedule including wages, retirement and fringe benefits of the Government employees (civilian or military) who actually performed the work. In addition, the Government can assess liquidated damages, as referenced above, in the amount of 20 percent of the computed cost.

(2) When non-performed Watchstanding Services are obtained under another contract, the Government will deduct from the Contractor's invoice an amount equal to the cost to the Government under that contract. In addition, the Government can assess liquidated damages, as referenced above, in the amount of 20 percent of the cost.

(3) If no guard replacement is furnished by the Government and the work is not performed, the Government will deduct from the Contractor's invoice an amount equal to the cost to the Government of having a Government employee perform the work. In addition, the Government can assess liquidated damages, as referenced above, in the amount of ten (10) percent of the computed cost.

(4) The Contractor will be held liable for property losses sustained by the Government as a direct, consequential result of a failure to furnish the required personnel.

(5) Computations of the costs for Government employees to perform work not performed by the Contractor shall be in conformance with FAR 52.222-42 entitled "STATEMENT OF EQUIVALENT RATE FOR FEDERAL HIRES" clause in Section I.

E.7 FAC 5252.246-9304, ESTIMATING THE PRICE OF NONPERFORMED OR UNSATISFACTORY WORK (JUN 1994)

In accordance with the FAC 5252.246-9303 entitled CONSEQUENCES OF THE CONTRACTOR'S FAILURE TO PERFORM REQUIRED WORK" clause in this Section, deductions may be taken for nonperformed or unsatisfactory work. In the event the price of nonperformed or unsatisfactory work cannot be determined from the prices set out in the Schedule, or on the basis of the actual cost to the Government, estimated methods may be used. The Government may estimate the cost using wage rate and fringe benefits included in the wage determinations included in the contract. Government estimates of the Contractor's overhead and profit rates, and Government estimates of material costs if applicable. Liquidated damages, to compensate the Government for administrative costs and other expenses resulting from the nonperformed or unsatisfactory performance, will be calculated in accordance with the CONSEQUENCES OF CONTRACTOR'S FAILURE TO PERFORM REQUIRED WORK clause.

E.8 FAC 5252.216-9315 AWARD FEE (NOV 1994)

(a) Determination of Award Fee. An award fee evaluation procedure is hereby established for determination of award fee payable under this contract. Payment of any award fee is contingent upon compliance with contractual requirements and performance at a satisfactory level in each criterion set forth in the contract. It is the Government's intent that the Contractor perform at the required level of services to warrant the highest possible rating and award fee. Contractor's failure to maintain acceptable level of performance in all areas of this contract, whether specified as an award fee factor or not, may result in a zero fee earned. All award fee determinations will be made by the Fee Determination Official; Commanding Officer, Naval Air Station Lemoore, California. Any fee not awarded in an evaluation period will not be carried over to any future periods. The award fee shall be administered in accordance with the Award Fee Plan provided in Section JE1.

(b) Award Fee Amount. The total amount of fees that may be awarded in a contract period is stated within section B of this contract. Each period generally has four award fee determinations.

E.9 CONTRACTOR QUALITY CONTROL

(a) The Contractor shall establish and maintain a Quality Control Program in accordance with the FAR 52.246-4 entitled INSPECTION OF SERVICE - FIXED-PRICE" clause in this Section to ensure that the work performed under the contract conforms to the contract requirements. Fifteen calendar days after contract award the Contractor shall submit a complete [Quality Control Plan \(QCP\)](#) to the Contracting Officer for approval. The QCP shall provide top Contractor management an effective and efficient means of identifying and correcting problems throughout the entire scope of operations. Additionally, the QCP shall indicate procedures and standards for inspecting, measuring the quality of work performed, continuing process and program improvement and goals, and continuing educational improvement and goals for the Customer by Contractor employees. Contractor quality control inspections are independent of Quality Assurance performed by the Government. Quality Control inspections shall be performed prior to requesting acceptance of Contractor work by the government. The Contractor's project manager, and quality control inspector shall submit, in writing, their findings as a result of their quality control inspections to the Contracting Officer during the term of the contract. In addition the Contractor shall attend meetings with the Contracting Officer representative, to discuss and resolve any/all quality considerations and problems that may arise during the term of the contract.

(b) The QCP shall include:

- (1) A description of the Contractor's quality control system. The system must cover all contract services, specify work to be inspected on either a scheduled or unscheduled basis, and describe how inspections are to be conducted.
- (2) The name(s) and qualifications of the individual(s) responsible for performing the quality control inspections, and the extent of their authority.
- (3) Provisions for recording the results of inspections and for recording corrective action taken.
- (4) Provisions to update and revise the QCP during the performance of the contract.

(c) A file of all Quality Control inspections both performed and scheduled, inspection results and dates and details of corrective actions taken shall be maintained by the Contractor through the term of

this contract. The file shall be the property of the Government and made available to the contracting Officer during regular working hours. The file shall be turned over to the Contracting Officer within 30 days of completion/termination of the contract.

E.10 GOVERNMENT QUALITY ASSURANCE

In accordance with FAR 52.246-4 entitled INSPECTION OF SERVICE - FIXED- PRICE clause in this Section each phase of the services rendered under this contract is subject to Government inspection during both the Contractor's operations and after completion of the tasks. The Government's Quality Assurance Surveillance Program is not a substitute for Quality Control by the Contractor. All findings of unsatisfactory or nonperformed work will be administered in accordance with the FAC 5252.246-9303 entitled CONSEQUENCES OF CONTRACTOR'S FAILURE TO PERFORM REQUIRED SERVICES clause in this Section. All costs associated with rework are the responsibility of the Contractor. The Government reserves the right to choose the inspection methods to be used in implementing its Quality Assurance Program and to vary the inspection methods utilized during the work without notice to the Contractor.

E.11 PERFORMANCE EVALUATION MEETINGS

The Contractor's representative shall meet with the Government's representative weekly during the mobilization and phase-in portion or first eight months of the contract. Thereafter, meetings shall be as often as necessary at the discretion of the ACO, but not less than monthly. A mutual effort will be made to resolve all problems identified. The Contractor's representative and the Government's representative shall sign the written minutes of these meetings, prepared by the Government. Should the Contractor not concur with the minutes, the Contractor shall state, in writing, to the ACO, any areas of disagreement within five (5) calendar days.